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Celebrating Champagne

PUBLIC RELATIONS JOURNAL

CORPORATE ADVERTISING

- Expenditures Soar
- "Hybrid ads" have a product twist
- Tracking demands goals and benchmarks
- Type treatments proliferate

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THE 14th ANNUAL REVIEW OF

CORPORATE ADVERTISING EXPENDITURES

COMPANY corporate-advertising expenditures in 1984 in the six media surveyed soared by the highest percentage gain they have shown in the 14 years the *Public Relations Journal* has published a survey—69.2 percent. Not only was this far ahead of the 13.3 percent increase in 1983, but it reversed the previous year's corporate advertising picture, when association advertising showed the greater percentage gain.

Association advertising expenditures rose by 27.6 percent in 1984, just slightly more than the 1983 association increase of 26.0 percent.

Commenting on the unusually high percentage gains shown in company advertising, Kyra S. Koury, director of marketing and sales with Leading National Advertisers multimedia service, points out that while many firms did spend less in 1984 than in 1983—most notably AT&T, at the head of the top-ten corporate advertisers, which decreased its corporate-advertising spending by 8.9 percent in 1984—she notes that all the other companies in the top ten increased their expenditures. Says Koury, "Two factors that explain the increase in corporate advertising in 1984 were the elections and the Olympics."

J. Kenneth Kansas, manager of the communications division of Exxon—which decreased its corporate-advertising expenditures by 66 percent in 1984—speculates that some of that increase might be accounted for by the growing use of what he calls "hybrid ads"—corporate ads with a product twist.

Moreover, Ronald Rhody, APR, senior vice president at Bank of America, notes that "Major American corporations are beginning to realize they haven't done that well on selling their institutions to the public." Rhody expects even heavier corporate advertising in 1985 and 1986.

In the pilot issue of "Garbett's Quarterly," a new "corporate advertising action report" published by Thomas Garbett, perhaps the foremost observer of corporate-advertising trends, Garbett writes that "underlying the surge in expenditures were the improved economic conditions of last year. Early indications for 1985 show that spending levels are not only holding, but continue to increase by some 15 percent to 20 percent."

Looking at a five-year span from 1980 on, corporate spending in the six media surveyed increased every year except 1982, when it dropped by 4.5 percent. The two media that saw reductions that year were consumer magazines and spot television. By 1984, consumer magazines had recovered by 44.3 percent. Spot TV rose an unusually high 245.2 percent, mostly gained in 1984.

Despite the 13.3 percent increase in corporate advertising in 1983, four media lost points that year—newspaper supplements, after a 44.3 percent increase in 1982, dropped by 44.6 percent; spot TV, down by 30.4 percent in 1982, lost another 10.4 percent; radio, up by 42.1 percent in 1982, fell by 13.5 percent; and outdoor, up by 38.0 percent in 1982, dropped by 8.2 percent in 1983. All went up in 1984.

The medium that showed the highest percentage of corporate-advertising gain in 1984 was spot TV, rising from the previous year's level by 285.8 percent. Next in rank was outdoor, in another sudden gain of 281.8 percent, following its drop in 1983. The other four media, in descending order of rank, showed newspaper supplements up by 125.0 percent; network TV up by 85.8 percent; consumer magazines up by 34.9 percent; and radio up by 6.8 percent in 1984.

What's behind the remarkable burst of corporate spending on outdoor advertising in 1984, says the Institute of Outdoor Advertising's vice president of public relations and account services, Jack Donahue, is the liquor industry's response to public outcry against liquor abuse. "Seagram's and Anheuser Busch's 'equivalent issue' and drinking-and-driving 'Know when you've had enough' ads are mainly responsible," he says. Although the Institute hasn't broken down the advertising picture, Donahue predicts that "Outdoor in general is seeing an 8 percent increase already this year, and growth areas for this medium are going to be in health care and business-to-business advertising."

Network TV was the preferred medium for corporate messages in 1984. Consumer magazines, which previously held this position exclusively, ranked second. In third place, and still a strong contender, was spot TV, gaining, after two years of loss in 1982 and 1983, a phenomenal increase in popularity. The order of preference for the remaining media in 1984 was: radio, newspaper supplements, and outdoor.

Roger D. Rice, president of the Television Bureau of Advertising in New York, agrees with Koury and says: "Corporate advertising on TV in 1984 increased primarily because of the Olympics—the networks saw a total of $486 million in advertising, and spot TV saw $385 million. Corporations that wanted to reach the whole country used network; those that wanted to pick their specific markets, or parts of the country, used spot TV. And the Olympics was a big tie-in."

Association spending in 1984 increased in four media: consumer magazines by 15.6 percent, network TV by 7.9 percent, spot TV by 42.0 percent, and radio by 28.3 percent, giving the highest percentage gain in association advertising to spot TV, the same medium that saw the highest percentage of corporate-advertising gain.

Inversely, associations' reduced spending in two media, newspaper supplements and outdoor, showed a two-year pattern of direct contrast with corporate spending in those areas. While associations increased advertising in these media—especially outdoor—in 1983, they spent considerably less on them in 1984. Meanwhile, corporate advertising did the exact opposite, going down in 1983 and up, by huge percentages, in 1984.

From a ten-year perspective, ongoing *PRJ* survey figures for corporate and as-

[*Continued on page 40*]

TABLE 1: SIX-MEDIA ADVERTISING EXPENDITURES, 1980-1984

Company Advertising (in $ thousands)

	Consumer Magazines	Newspaper Supplements	Network Television	Spot Television	Radio	Outdoor	Six-Media Totals
1980	$217,869.7	$4,310.3	$159,947.3	$39,260.1	$ 7,409.7	$ 470.7	**$429,267.8**
1981	249,152.0	5,264.1	118,794.7	40,395.2	7,866.4	665.2	**422,137.6**
Percent change	14.3%	22.1%	25.7%	2.9%	6.2%	41.3%	**1.6%**
1982	205,300.1	7,593.8	150,102.9	28,118.1	11,175.2	918.0	**403,208.1**
Percent change	17.6%	44.3%	26.4%	30.4%	42.1%	38.0%	**4.5%**
1983	219,512.7	4,205.5	197,267.9	25,201.6	9,661.0	843.0	**456,700.7**
Percent change	6.9%	44.6%	31.4%	10.4%	13.5%	8.2%	**13.3%**
1984	296,309.9	9,465.4	366,591.8	97,080.0	10,318.9	3,219.0	**782,985.0**
Percent change	34.9%	125.0%	85.8%	285.2%	6.8%	281.8%	**69.2%**

Association Advertising (in $ thousands)

	Consumer Magazines	Newspaper Supplements	Network Television	Spot Television	Radio	Outdoor	Six-Media Totals
1980	$48,359.6	$2,540.8	$48,941.0	$ 89,511.8	$ 4,996.8	$3,878.2	**$198,228.2**
1981	46,222.8	1,918.4	50,125.4	119,014.1	6,130.6	4,566.7	**227,978.0**
Percent change	4.4%	24.5%	2.4%	32.9%	22.7%	17.7%	**15.0%**
1982	46,479.7	2,301.4	60,286.5	150,763.0	6,365.8	4,213.9	**270,410.3**
Percent change	0.6%	20.0%	20.3%	26.7%	3.8%	7.7%	**18.6%**
1983	46,059.4	3,569.3	70,001.7	202,838.6	8,968.7	9,600.5	**341,038.2**
Percent change	0.9%	55.1%	16.1%	34.5%	40.9%	127.8%	**26.1%**
1984	53,260.9	2,301.4	75,512.5	287,986.5	11,504.9	4,602.7	**435,168.5**
Percent change	15.6%	35.5%	7.9%	42.0%	28.3%	52.0%	**27.6%**

TABLE 2: TOP TEN LEADING CORPORATE ADVERTISERS

January-December 1984—(In $ Thousands) Rank Order

	Magazines	Newspaper Supplements	Network Television	Spot Television	Network Radio	Outdoor	Six-Media Totals
AT&T	$15,803.2	$ 297.3	$ 51,638.8	$ 3,899.0	$ 775.9	—	$ 72,414.2
GM Corp.	20,089.3	289.2	22,121.9	7,473.9	1,714.6	$ 56.3	51,745.2
Ford Motor Co.	17,708.2	28.2	23,536.9	464.2	701.4	167.6	42,606.5
IBM Corp.	7,575.6	753.2	15,788.0	274.5	—	1.0	24,392.3
Beatrice Cos. Inc.	4,299.6	—	18,980.0	—	—	—	23,279.6
Reagan Pres. Comm.	—	—	21,881.5	—	—	—	21,881.5
AMEX Co.	1,879.9	105.9	11,501.5	8,143.1	—	7.7	21,638.1
Wang Labs Inc.	1,559.9	155.4	11,687.0	2,265.7	—	—	15,668.0
GTE Corp.	5,148.7	—	7,897.6	2,296.7	—	—	15,343.0
K Mart Corp.	—	—	12,249.3	607.8	490.4	—	13,347.5
Totals	**$74,064.4**	**$1,629.2**	**$197,282.5**	**$25,424.9**	**$3,682.3**	**$232.6**	**$302,315.9**

TABLE 3: TOP TEN LEADING ASSOCIATION ADVERTISERS

January-December 1984—(In $ Thousands) Rank Order

	Magazines	Newspaper Supplements	Network Television	Spot Television	Network Radio	Outdoor	Six-Media Totals
GM Corp. Dlrs. Assn.	—	—	—	$ 85,003.1	—	$ 1.6	$ 85,004.7
Ford Auto Dlrs. Assn.	$ 25.3	—	—	36,208.1	—	823.4	37,056.8
Nissan Auto Dlrs. Assn.	—	—	—	33,619.5	—	—	33,619.5
American Dairy Assn.	318.3	—	$13,792.2	8,179.8	571.8	258.2	23,120.3
Chrysler Corp. Dlrs. Assn.	—	—	—	18,440.3	—	—	18,440.3
Blue Cross/Shield Assn.	1,053.9	—	3,831.0	8,106.6	1,062.3	228.1	14,281.9
AM Corp. Dlrs. Assn.	—	—	—	11,778.2	—	—	11,778.2
Florists Transworld Dlvry. Assn.	2,442.9	123.2	6,401.0	113.3	2,548.4	5.4	11,634.2
American Gas Assn. Inc.	4,102.7	—	6,503.2	41.3	—	—	10,647.2
Toyo Kogyo Co. Auto Dlrs. Assn. Franchise	—	—	—	10,255.8	—	—	10,255.8
Totals	**$7,943.1**	**$123.2**	**$30,527.4**	**$211,746.0**	**$4,182.5**	**$1,316.7**	**$255,838.9**

[*Continued from page 28*]

sociation advertising reveal an important trend. Despite the slight dip in advertising spending in 1982, corporate outlays in the six media have steadily increased over the past ten years, so that company spending in 1984 outdistances 1974 expenditures by 249 percent. However, association advertising in the same media, while remaining considerably less than company corporate expenditures, nevertheless showed the greater upward curve over the same ten-year period, with a 397.4 percent gain in advertising spending since 1974.

Total spending by the ten leading corporate advertisers in six media in 1984 was $302.3 million. This was 36.1 percent more than in 1983. The top ten in 1984 covered a broad range of industries and interests, including technology, automotives, communications and communications equipment, finance, foods, merchandising, and politics.

AT&T was at the top of the list for the second year in a row, although it decreased advertising expenditures by 8.9 percent in 1984. General Motors moved to second place from third, and Ford Motor Co. did the reverse. IBM stayed in fourth place for the third year in a row. Beatrice Companies, Inc., stepped into fifth place, while Chrysler Corp., fifth in 1983, dropped out of the top ten. Sixth place went to the Reagan Presidential Committee, seventh to AMEX Co., and eighth to Wang Labs. GTE Corp., in sixth place in 1983, was ninth. Number ten was K Mart Corp.

The two media that saw substantially increased use by the top-ten corporate advertisers in 1984 were network TV, up by 42.8 percent, and spot TV, up by an impressive 400.9 percent.

Five out of ten corporate-advertising leaders were new to the list—Beatrice, AMEX, Wang, K Mart, and—the election-year entrant—the Reagan Committee.

The ten leading association advertisers spent a total of $255.8 million in 1984, which was 38.0 percent more than 1983 spending. In the majority, six were automobile-dealer associations; the others were fuel, florist, dairy, and health-insurance associations.

GM Corporation Dealers Association still led the association ten, putting most of its advertising into spot TV, while reducing outdoor expenditures, and showing a total advertising outlay of $85 million, or 50.8 percent more than in 1983. Ford Auto Dealers Association continued to move up, and ranked second, nudging Nissan Auto Dealers Association into third. American Dairy Association moved up from fifth to fourth, and Chrysler also moved up one, to fifth place. Blue Cross/Blue Shield Association was sixth, AM Corp., seventh, Florists Transworld, eighth, American Gas Association, ninth, and Toyo Kogyo Company Auto Dealers Association Franchise was tenth.

Seven out of the ten leading association advertisers used spot TV as their main advertising medium; one, GM Corporation Dealers Association, almost exclusively. At variance were American Dairy, Florists Transworld, and American Gas—these did their greatest spending in network TV.

The figures reported in this survey were compiled by Leading National Advertisers (LNA) multimedia service. Newspapers are not covered in this report, except for supplements. In defining what is meant by "corporate" advertising, LNA's Koury notes, "Our reports include advertising that is devoted to selling the corporate image by extending beyond direct sale of the product or service."

—Josephine Curran

Josephine Curran is associate editor of the Public Relations Journal.

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